

AGENDA



Thursday, July 26, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 46**

Subject: Approve ratification of a contract with SHERMCO INDUSTRIES, INC., Stafford, TX, for the purchase of a main generator breaker on Decker Unit No.1 gas turbine in an amount not to exceed \$61,500.

Amount and Source of Funding: Funding is available in the Fiscal Year 2006-2007 Operating Budget of Austin Energy.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Martha L. Gaines, Buyer II/322-6583

Purchasing Language: Critical Business Need.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

On May 10, 2007, the main generator breaker on Decker No.1 gas turbine failed, rendering the unit inoperable. This unit generates approximately \$7,000 per day in revenue from energy and capacity sales to Electric Reliability Council of Texas (ERCOT).

Repair time for the gas turbine unit was estimated to take two to four weeks. In order to minimize loss of revenue, the procurement of a refurbished breaker was completed on the basis of a Critical Business Need. Expedited bids were solicited from known suppliers. Through this process, the replacement was accomplished within one week.

A refurbished breaker was necessary because these types of generator breakers are no longer being manufactured. In addition, to purchase a different type of generator breaker would require costly and time consuming replacement of ancillary components. This refurbished breaker has an expected life of 25-30 years.

PRICE ANALYSIS

- a. Adequate competition.
- b. Three notices were sent. Three bids were received. There are no known MBE/WBEs available for this commodity code.
- c. The original breakers were purchased in 1972. There is no pricing history available.

APPROVAL JUSTIFICATION

- a. Lowest bid received.
- b. The Purchasing Office concurs with Austin Energy's recommended award.